

Questions and Answers about Health Insurance Reform

I created this document to answer the most frequently asked questions I receive on health reform. These answers are based on the health reform legislation that passed the U.S. House of Representatives on November 7, 2009. The final version of the legislation will likely be similar in many respects.

How will health insurance reform affect me?

Q: Will this ruin the good insurance I already have?

No. The House health insurance reform bill will provide you with secure health coverage. Right now, even if you play by the rules, you can lose your coverage or find your premiums become unaffordable when you get very sick or lose your job. Many people stay in their jobs solely for the medical benefits and are afraid to start a small business or try a new line of work. This legislation will ensure that, even if you develop a condition like diabetes or cancer, you will be able to maintain health coverage. The bill further will ensure you have stable health costs by eliminating caps on insurance benefits (where insurance companies cut you off and leave you with a large hospital bill) and by setting an annual limit on the amount you have to spend out of your pocket each year. If you are a senior, you would receive improved Medicare coverage with a more comprehensive prescription drug benefit and greater coverage of prevention and wellness services.

After reform, most Americans would continue to get their health insurance from private companies as they do now. The federal government would continue to run Medicare and state governments would continue to run Medicaid. Doctors, nurses and patients will continue to make medical decisions, just as they do now. The health care system would be similar to how it is now, except with new insurance options and consumer protections.

Q: Why do we need reform?

We need health reform because the current system is too expensive and leaves too many people without stable coverage. Too many Americans are one illness or one accident away from bankruptcy. Families are paying

higher and higher premiums for less coverage. Our businesses are struggling to afford health care for their employees. The system must be reformed to give all Americans the peace of mind that comes from knowing costs won't rise beyond your ability to pay and, even if times are tough, you would still have access to quality, affordable health care.

Q: I run a small business. Would this bill help or hurt me?

This legislation will help small businesses. Small businesses face high insurance premiums and have difficulty finding an insurance plan for their employees. In fact, small businesses pay up to 18 percent more than a large firm for the same plan.

The House legislation would help small business employees purchase insurance at group rates through a new insurance marketplace. The bill also would provide a tax credit to help small businesses (such as those with fewer than 25 employees) provide insurance for their employees. This would help up to 18,000 small businesses in Central New Jersey provide insurance for their employees. The bill further recognizes the constraints facing small businesses and exempts many small employers from the shared responsibility requirement to provide insurance for their employees.

Q: Will reform cause rationing?

No, the bill would not lead to rationing under Medicare or any program administered by the government and, under the new standards, companies would be less able to ration your care than now. Companies would be required to spend at least 85 percent of your premiums on medical care. In short, health reform would require insurers to do what you expect them to do: cover you when you need it most and not deny your care when it

becomes expensive.

The argument that reforming health care would lead to rationing was heard when Medicare was created in 1965. The opposition argued that government was inefficient and costly, that Medicare would put the government between the doctor and the patient, and that it would lead to socialized medicine. Some in Congress, from Bob Dole to Gerald Ford, fought the program and voted against its creation. Yet the predictions that Medicare would destroy the American medical system were wrong. Instead, it helps millions of older or disabled Americans have access to health care.

Q: I am currently uninsured and cannot afford health insurance. What would happen to me?

If you are between jobs, self-employed, or work for a small business, you often have trouble finding and affording insurance. This bill would help you purchase insurance coverage in a new insurance marketplace, where you could get insurance at group rates. In the insurance marketplace, you would get help with your premiums and co-pays to ensure that the insurance is affordable. Workers with very low incomes would get additional assistance through Medicaid. This affordability assistance would come with a shared responsibility requirement, making every American responsible for having health insurance coverage and asking that employers share in the costs. The principle of shared responsibility would require that Americans either carry insurance or contribute to the costs of treating the uninsured.

How will health insurance reform affect seniors and Medicare?

Q: I'm a senior. How will reform affect me?

I want to assure you that under health reform legislation, seniors on Medicare will continue to receive their health care through this program.

Not only would Medicare remain intact under this legislation, the legislation would make it better. It would improve prescription drug coverage (closing the so-called "doughnut hole"), eliminate co-pays and deductibles for preventative care, and encourage physicians and hospitals to coordinate their medical care. The bill would shift Medicare's focus to keeping seniors well, rather than just paying for procedures and equipment. It would provide better payments for primary care providers, who screen for preventable diseases and are responsible for a patient's overall health. These and other provisions are why AARP and other seniors groups have endorsed this bill.

Q: I heard you were cutting Medicare. What does that mean?

The bill would make Medicare more sustainable in the long run by reducing expenses that don't keep patients healthy. Private insurance companies would no longer receive subsidies for providing the same services that Medicare already provides to seniors.

This alone will save \$170 billion dollars. Another example of potential savings is avoiding re-hospitalizations. Almost one-fifth of Medicare patients who visit the hospital have to go back within one month. Most of the time, those second (or third) hospitalizations could be prevented with better coordination and communication between the hospital, the patient's doctors, and the patient. This legislation creates new incentives to keep these patients healthy (and comfortably at home), which would save Medicare \$9 billion. The bill also would save money for Medicare by putting a renewed focus on stopping waste, fraud, and abuse, such as medical equipment scams.

Q: I've heard that this bill will get rid of Medicare Advantage. Is that true?

No. The House health care reform bill does not eliminate Medicare Advantage plans. However, it does phase out the overpayments going to the private insurers that manage these plans. Currently, the private insurers that manage Medicare Advantage plans are paid an average of 14 percent more per person than the traditional Medicare program. That is both an unnecessary expense and unfair to other Medicare beneficiaries and taxpayers in general. The bill simply puts these Medicare Advantage plans

back on a level playing field with traditional Medicare.

Q: Someone told me that this bill would force seniors to attend regular counseling sessions on how to end their life sooner. Is this rumor true?

Absolutely not. There is no reasonable basis for concern that seniors' conversations with their doctors on personal requests for end-of-life care would do anything to promote assisted suicide, which is illegal in New Jersey and 46 other states, or euthanasia, which is illegal in all states.

The truth is that the legislation would provide doctors with better payment for talking with their patients to understand their condition and the care they want. This provision (originally proposed by Republicans and Democrats) would provide payment for a doctor's time if a patient chooses to have a conversation about the care that the patient prefers if he or she becomes very ill, but it does not require anyone to use this benefit. These conversations would not involve any government employee and would be solely between the patient and his or her physician. As noted by the AARP, "[t]his measure would not only help people make the best decisions for themselves but also better ensure that their wishes are followed."

What will health reform cost?

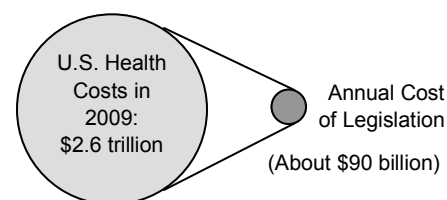
Q: What will this cost? How will health reform be paid for?

The House bill would cost about \$900 billion. That appears to be a larger number, to be sure. Let me put it into perspective. The cost of the bill is the equivalent of two weeks of what our nation currently spends on health care each year and it will be fully paid by the savings and revenues raised in the bill, adding nothing to the deficit. The legislation devotes most of its resources towards helping middle-income families with their health insurance premiums and expanding Medicaid for lower-income families. It

provides substantial tax credits for small employers providing insurance for their employees and increases Medicare and Medicaid payments for primary care physicians and nurses.

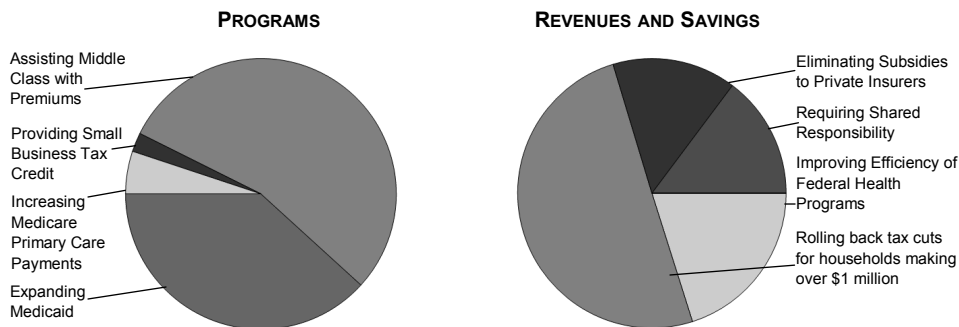
The yearly increase in U.S. health care spending far exceeds the cost of the legislation. If this bill slows the growth in health care spending by just 1.5 percent, the savings in the next decade will recoup the cost of the bill 3 times over. To be fiscally responsible, the House bill is fully paid for and will produce a surplus over the next decade. In the House version, about half of the cost would be paid for from

taxes on annual household income above \$1 million, which would be taxed at the same rate as before 2001 (the bill would not change the tax on a family's income below \$1 million). The other half would be paid for by eliminating overpayments to private insur-



COST COMPARISON: Costs of proposed legislation compared to total annual U.S. health spending.

What will health reform cost? (Continued)



WHERE THE MONEY GOES: List of programs in the proposed legislation and how those are paid for.

ers, improving the efficiency of federal health programs, and requiring shared responsibility for health care.

The Congressional Budget Office estimates government spending, but does not consider how health reform would affect a family's health expenses. Without reform, family expenses are projected to rise sharply over the next decade. This reform would help slow the growth of a family's health expenses, in order to keep health care affordable.

Q: Will my tax dollars be paying for abortions?

No, your tax dollars will not be paying

for abortions. The legislation further would maintain federal conscience rights for physicians and health practitioners. When the House debated the health reform bill, it adopted an amendment offered by Rep. Stupak (D-MI) that goes further than existing law and prevents any plan in the new insurance marketplace from covering abortion (even if paid by personal funds) except in cases of rape, incest, or when the mother's life is threatened.

Q: Will illegal aliens get government-funded health care?

No. The House bill specifically excludes any assistance for those not in

the U.S. legally.

Undocumented immigrants currently may not receive any federal benefits except in specific emergency situations. There are no provisions in the House health reform bill that would change this policy.

Q: What is your position on taxing very generous or "Cadillac" plans?

I have opposed taxing health benefits because employees often have negotiated to forgo salary increases in order to receive better health insurance benefits. A new tax on health benefits would change the rules in the middle of the game and penalize those employees. For these and other reasons, the House health reform bill did not include any taxation on employee health benefits.

The Senate health reform legislation did include a "Cadillac" tax. As the House and Senate negotiate the differences between their versions, I will continue to speak out about the problems with this tax.

What are your views on specific policies?

Q: What about tort reform?

It is important to remember that 46 states already have implemented some form of malpractice reforms. New Jersey, for instance, caps punitive damages, requires expert medical testimony, and sets a statute of limitations. The non-partisan Congressional Budget Office found that further nationwide reforms would reduce health costs by less than 0.5 percent, while the National Bureau of Economic Research found that new tort laws might reduce premiums by 1 to 2 percent.

The House bill (Sec. 2531) would encourage states to enact further innovative tort reforms, while ensuring that ordinary people have protections

against medical harm.

Q: What about selling insurance across state lines?

The House bill does allow insurance to be sold across state lines. It creates a system for states to enter into agreements for selling insurance between those states. Also, the House legislation creates a nationwide marketplace with new options for purchasing insurance. This new marketplace would be fairer than the current system, providing more options and fairer prices.

Q: What is the public option?

A public option would be just that—an option for health insurance that indi-

viduals can choose as an alternative to private insurance plans in the new insurance marketplace. The public plan would charge premiums and meet regulations just like the for-profit plans. This plan would enroll approximately 6 million Americans, according to the Congressional Budget Office.

A public option would lower costs by increasing competition, because in New Jersey the top 2 companies control almost 60 percent of the market.

The Senate health reform legislation did not include a public option. As the legislative process moves forward, I will continue to advocate for the inclusion of a public option.

What about the legislative process for reform?

Q: Our country is in a serious economic recession. Shouldn't Congress be working on that instead?

Health insurance reform is a critical part of our economic recovery. Workers who recently lost their jobs are struggling to afford coverage for themselves and their families. For New Jerseyans using COBRA coverage, the average monthly premium is over \$1,200, which is two-thirds of the average unemployment benefit. Our businesses are also facing rising health care costs. A study by the Center for American Progress found that health reform would reduce business costs and free up money for them to hire new workers, creating 250,000 to 400,000 new jobs this decade. If we don't act now, rising health care costs only will get worse and overwhelm the budgets of families, threaten the competitiveness of small businesses, and hurt our nation.

Q: Have you read the bill?

Yes, I have read the bill. Since the legislation's release, I, other Members of Congress and their staffs, and my staff, have carefully reviewed the entire bill and debated it in Committee and on the floor of the House of Representatives. Further, I have posted each version of the bill on my website to give every Central New Jersey resident the opportunity to read and review the legislation.

Q: Why are you trying to jam this bill through? What's the hurry?

This isn't rushed—Congress has been discussing these reforms for many years and has been debating this health reform bill since early 2009.

This bill was created from one of the most open and deliberative processes in recent memory. During the past few years, Congressional committees held more than 53 hearings, considered health reform for 167 hours, and debated and voted on almost 240 amendments. These amendments often addressed concerns raised by constituents, such as two amendments I championed. One, brought to me by a Monmouth County business-

man, would help affiliated small businesses pool together to purchase insurance more affordably, while the second would create online job training programs for health care workers, modeled after a successful program from Rutgers University. I am pleased that both provisions were included in the bill passed by the House.

No bill is perfect and, as with any legislation, the effects of this bill cannot be completely and precisely predicted. It depends on how people act. That was true of the GI Bill, the Social Security Act, the Interstate Highway Act, and the Voting Rights Act, and it will be true for this legislation as well. Congress will continue to revisit this legislation to adjust it to changing conditions and to improve it over the years to come.

Q: Is this bill constitutional?

Some opponents of reform have claimed that health reform legislation is unconstitutional. Article I, Section 8 of the Constitution gives Congress the power to "provide for the common Defence and general Welfare of the United States" and "regulate Commerce...among the several states." As our nation's general welfare and economy depend greatly on fixing our deficient health care system, this legislation is allowed under our Constitution. This part of the Constitution also forms the basis for existing federal health programs, such as Medicare and Medicaid, and most other legislation.

Q: Why does Congress exempt itself from reform?

In fact, the bill we passed in the House of Representatives, I am pleased to say, does apply to Members of Congress. The reform is actually modeled after the federal employee insurance system. Health reform would affect my plan just like any other employer-based plan. It would have to meet the basic consumer protections established by health reform.

As a Member of Congress, I get the same choice of health insurance plans as all other federal employees,

from the Department of Agriculture to the civilian workforce at the Department of Defense. From the plans available, I currently purchase a Blue Cross Blue Shield plan. I pay premiums just like any other worker and pay co-pays and deductibles when accessing my medical care.

This is not about Members of Congress. It is not about my health care. It is about improving the health care that all Americans receive. I would not support reform if it did not.

As we continue to confront the challenges that face our nation, our state, and our region, I need to hear from you. I look forward to hearing from you, whether by phone (toll free at 1-87-RUSH-HOLT), e-mail (through HOLT.HOUSE.GOV), or in person in Washington or in your community.

Please visit HOLT.HOUSE.GOV to learn more about what I am working on and to sign up for my weekly e-mail newsletter, the eGenda. I will update my website as the process for health reform moves forward.

One of the most important parts of my job is helping cut through red tape. I am able and willing to help you resolve problems with any federal agency and can assist on a broad range of other matters.

NEW JERSEY OFFICE
50 Washington Road
West Windsor, NJ 08550
(609) 750-9365
Toll Free: 1-87-RUSH-HOLT

WASHINGTON OFFICE
1214 Longworth HOB
Washington, DC 20515